

Tripoli Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2009

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Tripoli Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2008 Election)

Scott Danner	President	2009
Jamie Dettmer	Vice President	2010
Ronald Orf	Board Member	2010
Laurie Buhrow	Board Member	2008
Max Ambrose	Board Member	2008

Board of Education

(After September 2008 Election)

Jamie Dettmer*	President	2011
Scott Danner	Vice President	2009
Ronald Orf*	Board Member	2009
Laurie Buhrow	Board Member	2011
Max Ambrose	Board Member	2011

School Officials

Troy Heller	Superintendent	2009
Kassandra Johansen	District Secretary/Manager	2009

*Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa

Independent Auditor's Report

To the Board of Education of
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District, Tripoli, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

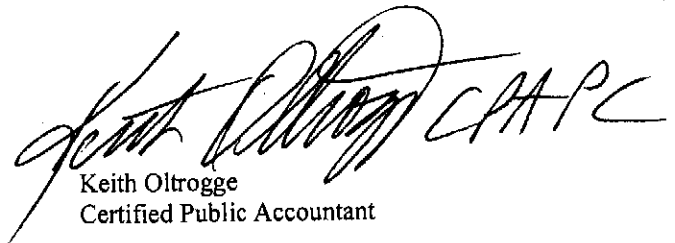
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated January 26, 2010 on my consideration of Tripoli Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 11 and 31 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tripoli Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

January 26, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tripoli Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,293,576 in fiscal 2008 to \$4,596,063 in fiscal 2009, and General Fund expenditures increased from \$4,088,286 in fiscal 2008 to \$4,311,626 in fiscal 2009. The District's General Fund balance increased from \$1,059,992 in fiscal year 2008 to \$1,344,429 in fiscal year 2009, a 21.2% increase.
- The increase in General Fund revenues was attributable to an increase in local, state and federal grant revenue in fiscal year 2009. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures.
- The increase in the District's General Fund balance resulted in the District's solvency ratio increasing from 25.5% in 2008 to 29.3 % in fiscal 2009. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Tripoli Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Tripoli Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Tripoli Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Tripoli Community School District Annual Financial Report

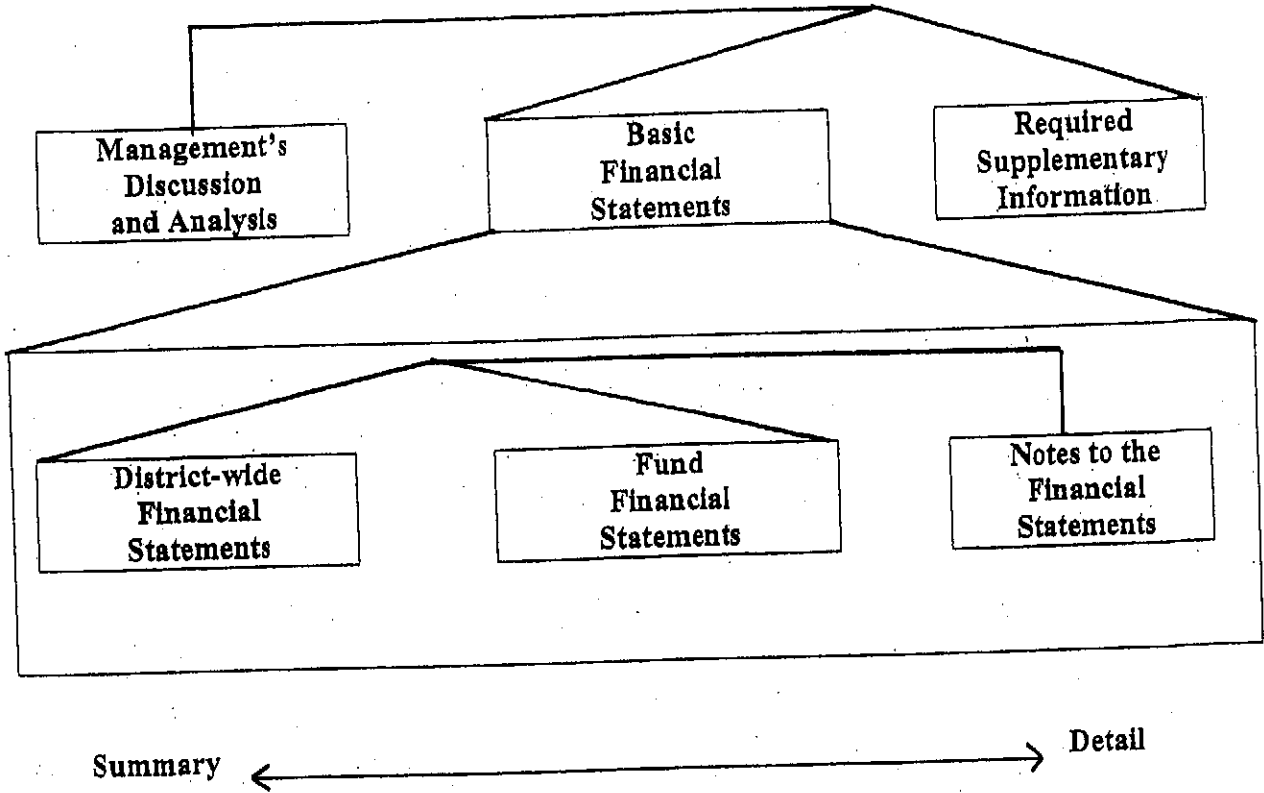


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, and Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Before and After School Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$4,163,258	\$3,669,963	\$114,718	\$106,749	\$4,277,976	\$3,776,712	\$501,264
Capital assets	5,975,015	5,607,017	47,641	53,327	6,022,656	5,660,344	362,312
Total assets	\$10,138,273	\$9,276,980	\$162,359	\$160,076	\$10,300,632	\$9,437,056	\$863,576
Long-term liabilities	\$1,671,015	\$1,314,377	\$-	\$-	\$1,671,015	\$1,314,377	\$356,638
Other liabilities	2,277,962	2,302,707	2,796	1,990	2,280,758	2,304,697	-23,939
Total liabilities	\$3,948,977	\$3,617,084	\$2,796	\$1,990	\$3,951,773	\$3,619,074	\$332,699
Net assets:							
Invested in capital assets, net of related debt	\$4,549,369	\$4,550,356	\$47,641	\$53,327	\$4,597,010	\$4,603,683	-\$6,673
Restricted	169,043	19,009	-	-	169,043	19,009	150,034
Unrestricted	1,470,884	1,090,531	111,922	104,759	1,582,806	1,195,290	387,516
Total net assets	\$6,189,296	\$5,659,896	\$159,563	\$158,086	\$6,348,859	\$5,817,982	\$530,877

The District's combined net assets increased by nearly 8.4%, or \$530,877, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by \$150,034, or 88.8% over the prior year. The increase was primarily a result of an increase in other general fund reserved assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased by \$387,516, or 24.5%.

Figure A-4 shows the change in net assets for the year ended June 30, 2009.

Figure A-4
Changes in Net Assets

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	\$396,947	\$147,511	\$544,458
Operating grants, contributions and restricted interest	711,161	83,115	794,276
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	1,678,844	-	1,678,844
Local option sales & services tax	295,636	-	295,636
Unrestricted state grants	2,166,517	-	2,166,517
Unrestricted investment earnings	53,433	1,858	55,291
Other	18,895	-	18,895
Total revenues	\$5,321,433	\$232,484	\$5,553,917
Program expenses:			
Governmental activities:			
Instruction	\$3,422,995	\$-	\$3,422,995
Support services	1,126,926	-	1,126,926
Non-instructional programs	-	231,007	231,007
Other expenses	242,112	-	242,112
Total expenses	\$4,792,033	\$231,007	\$5,023,040
Change in net assets	\$529,400	\$1,477	\$530,877

Property tax and unrestricted state grants account for 69.2% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 90.5% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$5,321,433 and expenses were \$4,792,033. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
**Total and Net Cost of
Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$3,422,995	\$2,319,471
Support services	1,126,926	1,122,342
Non-instructional programs	-	-
Other expenses	242,112	242,112
Totals	\$4,792,033	\$3,683,925

- The cost financed by users of the District's programs was \$544,458.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$794,276.
- The net cost of governmental activities was financed with \$1,974,480 in property and other taxes and \$2,166,517 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$232,484 and expenses were \$231,007. The District's business type activities include the School Nutrition Fund, and Before and After School Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Tripoli Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,890,555, above last year's ending fund balances of \$1,374,200.

BUDGETARY HIGHLIGHTS

Over the course of the year, Tripoli Community School District amended its annual budget two times to reflect additional expenditures.

The District's receipts were \$204,491 more than budgeted receipts, a variance of 3.7%.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at anticipated expenditures for the General Fund. The District then manages or controls General Fund spending through its line-item budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$6,022,656, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 6.1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$317,792.

The original cost of the District's capital assets was \$10,062,505. Governmental funds account for \$9,985,868, with the remainder of \$76,637 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	\$-
Construction in process	-	170,342	-	-	-	170,342	-170,342
Buildings	5,502,929	4,896,551	-	-	5,502,929	4,896,551	606,378
Improvements other than buildings	88,451	100,289	-	-	88,451	100,289	-11,838
Furniture and equipment	350,135	406,335	47,641	53,327	397,776	459,662	-61,886
Totals	\$5,975,015	\$5,607,017	\$47,641	\$53,327	\$6,022,656	\$5,660,344	\$362,312

Long-Term Debt

At June 30, 2009, the District had \$1,671,015 in other long-term debt outstanding. This represents an increase of 21.4% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District June 30, 2009	Total Change June 30, 2008 2008-2009
Notes payable	\$1,425,646	\$1,056,661
Early retirement	245,369	257,716
Totals	\$1,671,015	\$356,638

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kassandra Johansen, District Secretary/Manager, Tripoli Community School District, 209 8th Avenue SW, Tripoli IA 50676.

Basic Financial Statements

Tripoli Community School District

Statement of Net Assets

June 30, 2009

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
Restricted	\$ 300,000	\$ -	\$ 300,000
Other	2,139,379	96,721	2,236,100
Receivables:			
Property tax:			
Delinquent	19,082	-	19,082
Succeeding year	1,458,868	-	1,458,868
Accounts	23,983	463	24,446
Prepaid expenses	21,571	-	21,571
Due from other governments	200,375	-	200,375
Inventories	-	17,534	17,534
Capital assets, net of accumulated depreciation	5,975,015	47,641	6,022,656
Total Assets	\$ 10,138,273	\$ 162,359	\$ 10,300,632
Liabilities			
Accounts payable	\$ 80,483	\$ -	\$ 80,483
Salaries and benefits payable	256,057	-	256,057
Accrued interest payable	5,259	-	5,259
Deferred revenue-succeeding year property tax	1,458,868	-	1,458,868
Other	177,295	2,796	180,091
Bank warrants payable	300,000	-	300,000
Long-term liabilities:			
Portion due within one year:			
Notes payable	172,169	-	172,169
Early retirement	44,798	-	44,798
Portion due after one year:			
Notes payable	1,253,477	-	1,253,477
Early retirement	200,571	-	200,571
Total Liabilities	\$ 3,948,977	\$ 2,796	\$ 3,951,773
Net Assets			
Invested in capital assets, net of related debt	\$ 4,549,369	\$ 47,641	\$ 4,597,010
Restricted for:			
Categorical funding	77,166	-	77,166
Management levy	-92,367	-	-92,367
Physical plant and equipment levy	65,304	-	65,304
Other special revenue purposes	118,940	-	118,940
Unrestricted	1,470,884	111,922	1,582,806
Total Net Assets	\$ 6,189,296	\$ 159,563	\$ 6,348,859

Tripoli Community School District

Statement of Activities

Year Ended June 30, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Functions/Programs</u>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,315,960	\$ 206,347	\$ 613,922	\$ -
Special instruction	561,083	21,849	87,727	-
Other instruction	545,952	168,751	4,928	-
	<u>\$ 3,422,995</u>	<u>\$ 396,947</u>	<u>\$ 706,577</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 38,269	\$ -	\$ 3,002	\$ -
Instructional staff services	122,315	-	-	-
Administration services	439,856	-	-	-
Operation and maintenance of plant services	362,307	-	-	-
Transportation services	164,179	-	1,582	-
	<u>\$ 1,126,926</u>	<u>\$ -</u>	<u>\$ 4,584</u>	<u>\$ -</u>
Other Expenditures:				
Long-term debt interest	\$ 62,039	\$ -	\$ -	\$ -
AEA flow-through	180,073	-	-	-
	<u>\$ 242,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 4,792,033</u>	<u>\$ 396,947</u>	<u>\$ 711,161</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 217,321	\$ 129,929	\$ 83,115	\$ -
Child care operations	13,686	17,582	-	-
	<u>\$ 231,007</u>	<u>\$ 147,511</u>	<u>\$ 83,115</u>	<u>\$ -</u>
Total	<u>\$ 5,023,040</u>	<u>\$ 544,458</u>	<u>\$ 794,276</u>	<u>\$ -</u>

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-1,495,691	\$	-	\$ -1,495,691
	-451,507		-	-451,507
	-372,273		-	-372,273
\$	-2,319,471	\$	-	\$ -2,319,471
<hr/>				
\$	-35,267	\$	-	\$ -35,267
	-122,315		-	-122,315
	-439,856		-	-439,856
	-362,307		-	-362,307
	-162,597		-	-162,597
\$	-1,122,342	\$	-	\$ -1,122,342
<hr/>				
\$	-62,039	\$	-	\$ -62,039
	-180,073		-	-180,073
\$	-242,112	\$	-	\$ -242,112
<hr/>				
\$	-3,683,925	\$	-	\$ -3,683,925
<hr/>				
\$	-	\$	-4,277	\$ -4,277
	-		3,896	3,896
\$	-	\$	-381	\$ -381
<hr/>				
\$	-3,683,925	\$	-381	\$ -3,684,306

Tripoli Community School District

Statement of Activities

Year Ended June 30, 2009

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

General Revenues:

Property Tax Levied For:
 General purposes
 Capital outlay
Local option sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total General Revenues

Change in net assets
Net assets beginning of year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 1,510,841	\$ -	\$ 1,510,841
168,003	-	168,003
295,636	-	295,636
2,166,517	-	2,166,517
53,433	1,858	55,291
18,895	-	18,895
<hr/>		
\$ 4,213,325	\$ 1,858	\$ 4,215,183
<hr/>		
\$ 529,400	\$ 1,477	\$ 530,877
5,659,896	158,086	5,817,982
<hr/>		
\$ 6,189,296	\$ 159,563	\$ 6,348,859
<hr/>		

Tripoli Community School District

Balance Sheet
Governmental Funds

June 30, 2009

Assets	General	Capital Projects	Non-major Funds	Total
Cash and Pooled Investments:				
Restricted	\$ 300,000	\$ -	\$ -	\$ 300,000
Other	1,607,979	200,237	331,163	2,139,379
Receivables:				
Property Tax:				
Delinquent	15,907	-	3,175	19,082
Succeeding year	1,143,933	-	314,935	1,458,868
Accounts	300	23,683	-	23,983
Prepaid expenses	18,663	-	2,908	21,571
Due from other governments	200,375	-	-	200,375
Total Assets	\$ 3,287,157	\$ 223,920	\$ 652,181	\$ 4,163,258
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 65,443	\$ 15,040	\$ -	\$ 80,483
Salaries and benefits payable	256,057	-	-	256,057
Bank warrants payable	300,000	-	-	300,000
Deferred Revenue:				
Succeeding year property tax	1,143,933	-	314,935	1,458,868
Other	177,295	-	-	177,295
Total Liabilities	\$ 1,942,728	\$ 15,040	\$ 314,935	\$ 2,272,703
Fund Balances:				
Reserved for:				
Categorical funding	\$ 77,166	\$ -	\$ -	\$ 77,166
Unreserved	1,267,263	208,880	337,246	1,813,389
Total Fund Balances	\$ 1,344,429	\$ 208,880	\$ 337,246	\$ 1,890,555
Total Liabilities and Fund Balances	\$ 3,287,157	\$ 223,920	\$ 652,181	\$ 4,163,258

Tripoli Community School District

**Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets**

June 30, 2009

Total fund balances of governmental funds (page 15)	\$ 1,890,555
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	5,975,015
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-5,259
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	<u>-1,671,015</u>
Net assets of governmental activities (page 12)	<u>\$ 6,189,296</u>

Tripoli Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2009

	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,430,807	\$ 295,636	\$ 248,037	\$ 1,974,480
Tuition	195,466	-	-	195,466
Other	110,803	5,662	175,859	292,324
Intermediate sources	2,000	-	-	2,000
State sources	2,655,669	-	176	2,655,845
Federal sources	201,318	-	-	201,318
Total Revenues	\$ 4,596,063	\$ 301,298	\$ 424,072	\$ 5,321,433
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 2,183,974	\$ -	\$ 48,117	\$ 2,232,091
Special instruction	561,083	-	-	561,083
Other instruction	389,890	-	150,504	540,394
	\$ 3,134,947	\$ -	\$ 198,621	\$ 3,333,568
Support Services:				
Student services	\$ 38,269	\$ -	\$ -	\$ 38,269
Instructional staff services	122,315	-	-	122,315
Administration services	394,684	-	33,648	428,332
Operation and maintenance of plant services	332,264	-	20,738	353,002
Transportation services	109,074	-	6,934	116,008
	\$ 996,606	\$ -	\$ 61,320	\$ 1,057,926
Other Expenditures:				
Facilities acquisition	\$ -	\$ 498,222	\$ 40,550	\$ 538,772
Long-Term Debt:				
Principal	-	-	256,747	256,747
Interest and fiscal charges	-	-	63,724	63,724
AEA flow-through	180,073	-	-	180,073
	\$ 180,073	\$ 498,222	\$ 361,021	\$ 1,039,316
Total Expenditures	\$ 4,311,626	\$ 498,222	\$ 620,962	\$ 5,430,810
Excess (deficiency) of revenues over (under) expenditures	\$ 284,437	\$ -196,924	\$ -196,890	\$ -109,377
Other Financing Sources (Uses):				
Loan proceeds	\$ -	\$ 625,732	\$ -	\$ 625,732
Operating transfers in (out)	-	-135,270	135,270	-
Total Other Financing sources (uses)	\$ -	\$ 490,462	\$ 135,270	\$ 625,732
Net change in fund balances	\$ 284,437	\$ 293,538	\$ -61,620	\$ 516,355
Fund balances beginning of year	1,059,992	-84,658	398,866	1,374,200
Fund Balances End of Year	\$ 1,344,429	\$ 208,880	\$ 337,246	\$ 1,890,555

See notes to financial statements.

Tripoli Community School District

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities**

Year Ended June 30, 2009

Net change in fund balances – total governmental funds (page 17) \$ 516,355

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 685,790	
Depreciation expense	<u>-317,792</u>	367,998

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded payments, as follows:

Issued	\$ -625,732	
Repaid	<u>256,747</u>	-368,985

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

1,685

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	\$ <u>12,347</u>	
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Change in Net Assets of Governmental Activities (page 14)

\$ 529,400

Tripoli Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2009

	Before & After School	School Nutrition	Total
Assets			
Cash and cash equivalents	\$ 14,092	\$ 82,629	\$ 96,721
Accounts receivable	42	421	463
Inventories	-	17,534	17,534
Capital assets, net of accumulated depreciation	-	47,641	47,641
Total Assets	\$ 14,134	\$ 148,225	\$ 162,359
Liabilities			
Deferred revenue	\$ -	\$ 2,796	\$ 2,796
Net Assets			
Invested in capital assets, net of related debt	\$ -	\$ 47,641	\$ 47,641
Unrestricted	14,134	97,788	111,922
Total Net Assets	\$ 14,134	\$ 145,429	\$ 159,563

Tripoli Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
June 30, 2009

	Before & After School	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 17,582	\$ 129,929	\$ 147,511
Operating expenses:			
Non-instructional programs:			
Food service and child care operations:			
Salaries and benefits	\$ 12,408	\$ 94,270	\$ 106,678
Purchased services	-	1,166	1,166
Supplies	1,278	115,301	116,579
Depreciation	-	6,386	6,386
Other	-	198	198
Total operating expenses	\$ 13,686	\$ 217,321	\$ 231,007
Operating income (loss)	\$ 3,896	\$ -87,392	\$ -83,496
Non-operating revenues:			
State sources	\$ -	\$ 2,823	\$ 2,823
Federal sources	-	80,292	80,292
Interest income	253	1,605	1,858
Total non-operating revenues	\$ 253	\$ 84,720	\$ 84,973
Change in net assets	\$ 4,149	\$ -2,672	\$ 1,477
Net assets beginning of year	9,985	148,101	158,086
Net Assets End of Year	\$ 14,134	\$ 145,429	\$ 159,563

Tripoli Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 130,844
Cash paid to employees for services	-94,270
Cash paid to suppliers for goods or services	-96,397
Net cash used by operating activities	<u>\$ -59,823</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 2,823
Federal grants received	61,115
Net cash provided by non-capital financing activities	<u>\$ 63,938</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -700</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 1,605</u>
Net decrease in cash and cash equivalents	\$ 5,020
Cash and cash equivalents beginning of year	<u>77,609</u>
Cash and Cash Equivalents End of Year	<u>\$ 82,629</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -87,392
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	19,177
Depreciation	6,386
Decrease in inventories	1,090
Decrease in accounts receivable	110
Increase in deferred revenue	806
Net Cash Used by Operating Activities	<u>\$ -59,823</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$19,177 of federal commodities.

Tripoli Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2009

	Before & After School
Cash flows from operating activities:	
Cash received from services	\$ 17,637
Cash paid to employees for services	-12,408
Cash paid to suppliers for goods or services	-1,278
Net cash provided by operating activities	<u>\$ 3,951</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 253</u>
Net increase in cash and cash equivalents	\$ 4,204
Cash and cash equivalents beginning of year	<u>9,888</u>
Cash and Cash Equivalents End of Year	<u>\$ 14,092</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,896
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	<u>55</u>
Net Cash Provided by Operating Activities	<u>\$ 3,951</u>

Tripoli Community School District

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Tripoli Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Tripoli and Frederika, Iowa and portions of the predominately agricultural territories in Bremer and Chickasaw Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Tripoli Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Tripoli Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Before and After School Fund. These funds are used to account for the food service operations of the District and child care operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for support staff corresponding to the current school year, which were paid in July, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 185,201
Debt Service	Capital Projects	135,270
		<u>\$ 320,471</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Bank Anticipatory Warrants

The District has entered into an agreement with American Savings Bank for the issuance of anticipatory warrants of \$300,000 with an interest rate of 3.5%. Activity for the year ended June 30, 2009 is as follows:

	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End of Year
Total	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>

Cash advanced under these warrants are held in a money management savings account. These funds are only used if the District's regular cash flow is inadequate to meet current needs.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Construction in process	170,342	-	170,342	-
Total capital assets not being depreciated	\$ 203,842	\$ -	\$ 170,342	\$ 33,500
Capital assets being depreciated:				
Buildings	\$ 7,708,366	\$ 781,796	\$ -	\$ 8,490,162
Improvements other than buildings	297,996	-	-	297,996
Furniture and equipment	1,089,874	74,336	-	1,164,210
Total capital assets being depreciated	\$ 9,096,236	\$ 856,132	\$ -	\$ 9,952,368
Less accumulated depreciation for:				
Buildings	\$ 2,811,815	\$ 175,418	\$ -	\$ 2,987,233
Improvements other than buildings	197,707	11,838	-	209,545
Furniture and equipment	683,539	130,536	-	814,075
Total accumulated depreciation	\$ 3,693,061	\$ 317,792	\$ -	\$ 4,010,853
Total capital assets being depreciated, net	\$ 5,403,175	\$ 538,340	\$ -	\$ 5,941,515
Governmental Activities Capital Assets, Net	\$ 5,607,017	\$ 538,340	\$ 170,342	\$ 5,975,015
Business type activities:				
Furniture and equipment	\$ 75,937	\$ 700	\$ -	\$ 76,637
Less accumulated depreciation	22,610	6,386	-	28,996
Business Type Activities Capital Assets, Net	\$ 53,327	\$ -5,686	\$ -	\$ 47,641
Depreciation expense was charged to the following functions:				
Governmental Activities:				
Instruction:				
Regular				\$ 240,736
Other				8,056
Support services:				
Administration				11,524
Operation and maintenance of plant				9,305
Transportation				48,171
Total Depreciation Expense – Governmental Activities				\$ 317,792
Business Type Activities:				
Food service operations				\$ 6,386

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 1,056,661	\$ 625,732	\$ 256,747	\$ 1,425,646	\$ 172,169
Early retirement	257,716	38,678	51,025	245,369	44,798
Total	\$ 1,314,377	\$ 664,410	\$ 307,772	\$ 1,671,015	\$ 216,967

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed twenty years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement incentives for eligible employees is composed of:

- 1) The School District shall provide up to four hundred dollars (\$400.00) per month for payment of health insurance premiums of the retired teacher for ninety-six (96) months. However, the monthly payment shall not exceed, in any event, the actual cost of the monthly health insurance premiums of the retired teacher.

Early retirement benefits paid during the year ended June 30, 2009 totaled \$51,025. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the Governmental Activities Long-Term Liabilities section representing the District's commitment to fund non-current early retirement.

Note Payable – Science Room Addition

On June 19, 2007, the District signed a note payable to American Savings Bank of Tripoli IA for the construction of a science room addition. The note was written for \$900,000. The interest rate on the note is 4.5%. Semi-annual payments will be \$67,634.88 to be paid on December 1 and June 1 of each year, with the note maturing December 1, 2015.

Details of the District's June 30, 2009 note payable – science room addition are as follows:

Year ending June 30,	Principal	Interest
2010	\$ 104,368	\$ 30,901
2011	109,185	26,085
2012	114,169	21,101
2013	119,491	15,778
2014	125,112	10,157
2015	128,384	4,216
Total	\$ 700,709	\$ 108,238

Note Payable – Preschool

On May 1 2008, the District signed a note payable to American Savings Bank of Tripoli IA for the construction of a preschool room addition. The note was written for \$800,000. The interest rate on the note is 4.5%. Semi-annual payments will be \$50,460.25 to be paid on December 1 and June 1 of each year, with the note maturing June 1, 2018.

Details of the Districts June 30, 2009 note payable – preschool are as follows:

Year ending June 30,	Principle	Interest
2010	\$ 67,801	\$ 30,151
2011	70,713	27,239
2012	73,686	24,266
2013	76,915	21,037
2014	80,219	17,733
2015	83,664	14,288
2016	87,231	10,721
2017	91,005	6,948
2018	93,703	4,249
Total	<u>\$ 724,937</u>	<u>\$ 156,632</u>

During the year ended June 30, 2009, the District made principal and interest payments totaling \$320,471 under the agreements.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the years ended June 30, 2009, 2008 and 2007. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$155,906, \$124,464, and \$107,161, respectively, equal to the required contributions for each year.

(8) Risk Management

Tripoli Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$180,073 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Construction Commitments

The District has committed to various summer improvement projects totaling \$75,272. These include a door project of \$35,750, stage curtains for \$12,990, carpet for \$15,756 and a water heater for \$10,776.

Required Supplementary Information

Tripoli Community School District

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Funds**

Required Supplementary Information

Year Ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 2,462,270	\$ 149,369
Intermediate sources	2,000	-
State sources	2,655,845	2,823
Federal sources	201,318	80,292
Total Receipts	<u>\$ 5,321,433</u>	<u>\$ 232,484</u>
Disbursements:		
Instruction	\$ 3,333,568	\$ -
Support services	1,057,926	-
Non-instructional programs	-	231,007
Other expenditures	1,039,316	-
Total Disbursements	<u>\$ 5,430,810</u>	<u>\$ 231,007</u>
Excess (deficiency) of receipts over (under) disbursements	\$ -109,377	\$ 1,477
Other financing sources, net	<u>625,732</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 516,355	\$ 1,477
Balances beginning of year	<u>1,374,200</u>	<u>158,086</u>
Balances End of Year	<u>\$ 1,890,555</u>	<u>\$ 159,563</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	2,611,639	\$ 2,415,986	\$ 2,415,986	\$ 195,653
	2,000	-	-	2,000
	2,658,668	2,728,040	2,728,040	-69,372
	281,610	205,400	205,400	76,210
\$	5,553,917	\$ 5,349,426	\$ 5,349,426	\$ 204,491
\$	3,333,568	\$ 3,532,769	\$ 3,532,769	\$ 199,201
	1,057,926	1,130,550	1,139,844	81,918
	231,007	282,960	282,960	51,953
	1,039,316	613,670	1,100,000	60,684
\$	5,661,817	\$ 5,559,949	\$ 6,055,573	\$ 393,756
\$	-107,900	\$ -210,523	\$ -706,147	\$ 598,247
	625,732	-	-	625,732
\$	517,832	\$ -210,523	\$ -706,147	\$ 1,223,979
	1,532,286	1,287,661	1,287,661	244,625
\$	2,050,118	\$ 1,077,138	\$ 581,514	\$ 1,468,604

Tripoli Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted two budget amendments increasing budgeted disbursements by \$495,624.

Other Supplementary Information

Tripoli Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2009

	Special Revenues			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 149,066	\$ 118,940	\$ 63,157	\$ 331,163
Receivables:				
Property Tax:				
Delinquent	1,028	-	2,147	3,175
Succeeding year	140,000	-	174,935	314,935
Prepaid expenses	2,908	-	-	2,908
Total Assets	\$ 293,002	\$ 118,940	\$ 240,239	\$ 652,181
Liabilities & Fund Equity				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ 140,000	\$ -	\$ 174,935	\$ 314,935
Total Liabilities	\$ 140,000	\$ -	\$ 174,935	\$ 314,935
Fund Equity:				
Unreserved fund balances	153,002	118,940	65,304	337,246
Total Liabilities and Fund Equity	\$ 293,002	\$ 118,940	\$ 240,239	\$ 652,181

Tripoli Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds**

Year Ended June 30, 2009

	Special Revenues					Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service		
Revenues:						
Local Sources:						
Local tax	\$ 80,034	\$ -	\$ 168,003	\$ -	\$	248,037
Other	9,330	164,174	2,355	-		175,859
State	57	-	119	-		176
Total Revenues	\$ 89,421	\$ 164,174	\$ 170,477	\$ -	\$	424,072
Expenditures:						
Current:						
Instruction:						
Regular instruction	\$ 48,117	\$ -	\$ -	\$ -	\$	48,117
Other instruction	-	150,504	-	-		150,504
Support Services:						
Administration services	33,648	-	-	-		33,648
Operation and maintenance of plant services	20,738	-	-	-		20,738
Transportation services	6,934	-	-	-		6,934
Other Expenditures:						
Facilities acquisition	-	-	40,550	-		40,550
Long-Term Debt:						
Principal	-	-	-	256,747		256,747
Interest and fiscal charges	-	-	-	63,724		63,724
Total Expenditures	\$ 109,437	\$ 150,504	\$ 40,550	\$ 320,471	\$	620,962
Excess (deficiency) of revenues over (under) expenditures	\$ -20,016	\$ 13,670	\$ 129,927	\$ -320,471	\$	-196,890
Other Financing Sources (Uses):						
Operating transfers in	\$ -	\$ -	\$ -	\$ 320,471	\$	320,471
Operating transfers out	-	-	-185,201	-		-185,201
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -185,201	\$ 320,471	\$	135,270
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -20,016	\$ 13,670	\$ -55,274	\$ -	\$	-61,620
Fund balances beginning of year	173,018	105,270	120,578	-		398,866
Fund Balances End of Year	\$ 153,002	\$ 118,940	\$ 65,304	\$ -	\$	337,246

See accompanying independent auditor's report.

Tripoli Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2009

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Interest	\$ 4,137	\$ 2,899	\$ 109	\$ -	\$ 6,927
Vocal	4,568	3,254	2,262	-	5,560
Instrumental	1,053	831	874	-	1,010
Band Trip	1,963	4,573	2,820	-	3,716
Yearbook	2,989	3,919	1,499	-	5,409
Picture	1,761	235	-	-	1,996
Thalians	184	15	14	-	185
High School Student Council	2,059	1,156	937	179	2,457
Home Ec	690	-	-	-	690
National Honor Society	2,378	340	211	-	2,507
Faculty	1,444	230	-	-	1,674
SADD	452	1,005	999	100	558
Milk Machine	8,786	7,874	10,772	-210	5,678
Magazine Sales	-	10,304	6,731	-3,573	-
AEA Social Studies Grant	216	-	-	-	216
Art Resale	111	-	-	-	111
Art Trip	1	5,031	5,032	-	-
Industrial Tech	326	-	-	-	326
Pencil Resale	1,433	-	-	-	1,433
Manufacturing	376	93	404	-	65
Class of 2009	513	357	702	-	168
Class of 2010	2,970	584	3,124	-	430
Class of 2011	3,764	-	50	-	3,714
Class of 2012	2,654	24	-	643	3,321
Class of 2013	3,266	40	-	1,072	4,378
Class of 2014	1,228	7	-	679	1,914
Class of 2015	-	203	42	1,179	1,340
Football Fundraiser	3,715	3,667	5,356	50	2,076
Marketing Class	1,528	1,289	434	-300	2,083
FFA	298	6,459	5,866	-	891
Senior Class Play	668	606	315	-	959
Ecology	101	-	-	-	101
SES	157	-	-	-	157
SCIN	3,199	1,000	2,652	-	1,547
SCIN Treat	933	-	-	-	933
Athletics	14,466	50,379	58,876	-	5,969
Target	179	-	-	-179	-
Cheerleading	-	1,584	1,182	-	402
Golf Fundraiser	-	1,070	1,069	-	1
Boys Basketball	-	2,293	1,562	50	781
Baseball	-	2,170	2,010	-	160

See accompanying independent auditor's report.

Tripoli Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2009

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Girls Basketball	\$ 7	\$ 707	\$ 581	\$ 50	\$ 176
Volleyball Fundraiser	-	6,643	3,949	50	2,744
Softball Fund	-	1,753	1,131	-	622
Athletic Scholarship	-	250	250	-	-
Middle School Student Council	85	38	259	210	74
Elementary Library	1,845	1,054	1,215	-	1,684
Elementary Outdoor Ed - EWALU	3,850	4,890	4,512	-	4,228
Elementary Concessions	4,511	102	35	-	4,578
Elementary Music	32	42	32	-	42
RIF	1	577	578	-	-
Elementary Carnival	20,340	34,627	22,058	-	32,909
Memorial	40	-	-	-	40
Total	\$ 105,270	\$ 164,174	\$ 150,504	\$ -	\$ 118,940

Tripoli Community School District

**Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds**

For the Last Six Years

	Modified Accrual Basis		
	2009	2008	2007
Revenues:			
Local Sources:			
Local tax	\$ 1,974,480	\$ 1,938,473	\$ 1,949,606
Tuition	195,466	152,698	164,384
Other	292,324	292,571	273,635
Intermediate sources	2,000	-	-
State sources	2,655,845	2,516,731	2,325,181
Federal sources	201,318	126,889	93,228
Total	<u>\$ 5,321,433</u>	<u>\$ 5,027,362</u>	<u>\$ 4,806,034</u>
Expenditures:			
Instruction:			
Regular instruction	\$ 2,232,091	\$ 2,046,139	\$ 2,036,312
Special instruction	561,083	532,152	589,127
Other instruction	540,394	517,023	486,843
Support services:			
Student services	38,269	37,983	36,403
Instructional staff services	122,315	109,986	112,575
Administrative services	428,332	422,542	359,272
Operation and maintenance of plant services	353,002	372,659	299,725
Transportation services	116,008	116,002	176,346
Other expenditures:			
Facilities acquisition	538,772	1,232,360	472,566
Long-term debt:			
Principal	256,747	172,780	72,985
Interest and other charges	63,724	44,900	9,425
AEA flow-through	180,073	167,796	156,470
Total	<u>\$ 5,430,810</u>	<u>\$ 5,772,322</u>	<u>\$ 4,808,049</u>

See accompanying independent auditor's report.

Modified Accrual Basis		
2006	2005	2004
\$ 1,577,384	\$ 1,602,580	\$ 1,637,469
185,620	121,599	57,704
532,586	466,523	268,964
245	11,608	-
2,120,365	2,044,677	1,938,984
123,928	121,523	139,871
\$ 4,540,128	\$ 4,368,510	\$ 4,042,992

\$ 1,993,682	\$ 1,902,372	\$ 1,791,175
460,717	565,249	487,491
419,971	300,596	317,935
37,432	42,476	68,474
119,616	127,605	125,457
363,724	338,143	360,456
316,272	300,241	253,433
180,524	157,858	94,712
320,092	114,883	119,923
68,886	65,300	74,756
13,524	17,110	19,383
142,761	139,660	141,547
\$ 4,437,201	\$ 4,071,493	\$ 3,854,742

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated January 26, 2010. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Tripoli Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Tripoli Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Tripoli Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Tripoli Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Tripoli Community School District's financial statements that is more than inconsequential will not be prevented or detected by Tripoli Community School District's internal control. I consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Tripoli Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe item I-A-09 is a material weakness.

Compliance and Other Matters

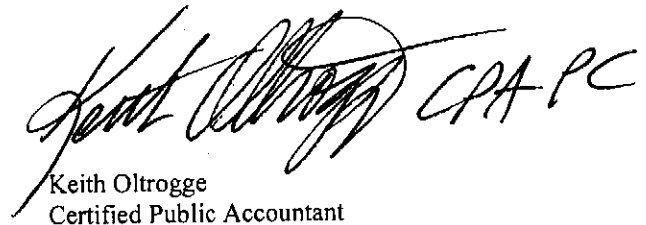
As part of obtaining reasonable assurance about whether Tripoli Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Tripoli Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Tripoli Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Tripoli Community School District and other parties to whom Tripoli Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Tripoli Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

 CPA PC
Keith Oltrogge
Certified Public Accountant

January 26, 2010

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2009

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

- I-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that one person has control over each of the following areas for both the General and Activity Funds: cash receipts – collecting, depositing, journalizing, posting and reconciling.

Recommendation – With the limited number of personnel involved in accounting for District activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstances, the most effective controls lie in (1) the administration's and the Board's knowledge of the District's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions. I believe these controls are being effectively utilized in the District and recommend that diligent efforts be made to maintain their effectiveness.

Response – With the number of staff available to this size of District, we will have to continue operating as in the past. We will, however, continue to monitor and keep the Board aware of the District's financial operations.

Conclusion – Response accepted.

- I-B-09 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2009

Part II - Other Findings Related to Statutory Reporting:

- II-A-09 Certified Budget – Disbursements for the year ended June 30, 2009 did not exceed the amended amounts budgeted.
- II-B-09 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-09 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted.
- II-G-09 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on Line 7 of the Certified Enrollment Certification Form for October 2008 was overstated. The District's certified enrollment count included 19 nonresident students in line 1 which were also included in line 8 as open enrolled in nonresident students. This resulted in overstating the total actual enrollment at line 7 by 19 students.
- Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
- Response – We have contacted the Iowa Department of Education and the Department of Management.
- Conclusion – Response accepted.
- II-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-09 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.
- IV-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

Tripoli Community School District

Schedule of Findings

Year Ended June 30, 2009

Part II - Other Findings Related to Statutory Reporting (continued):

IV-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and service tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$	-
Statewide sales and services tax revenue		295,636
Expenditures/transfers out:		
School infrastructure:		
Equipment	\$	50,335
Other improvements		2,483
Debt service for school infrastructure:		
Revenue debt		135,270
		<hr/>
Ending balance	\$	<hr/> 107,548